1985 ANNUAL REPORT

The Saskatchewan Government Printing Company

86-04973/

ANNUAL REPORT

of

The Saskatchewan Government Printing Company

of the

PROVINCE OF SASKATCHEWAN

for the

Year ending December 31, 1985

Regina, Saskatchewan
March, 1986

To His Honour,
The Honourable Frederick W. Johnson,
Lieutenant Governor of the Province of Saskatchewan.

Sir:

I have the honour to submit herewith the annual report of The Saskatchewan Government Printing Company for the year ending December 31, 1985 including the financial statements therefor, duly certified by the Provincial Auditor and in the form approved by the Treasury Board, all in accordance with The Crown Corporations Act, 1978.

I have the honour to be, Sir,

Your obedient servant,

Paul Schoenhals

PAUL SCHOENHALS

Chairman and Minister responsible for
The Saskatchewan Government Printing Company

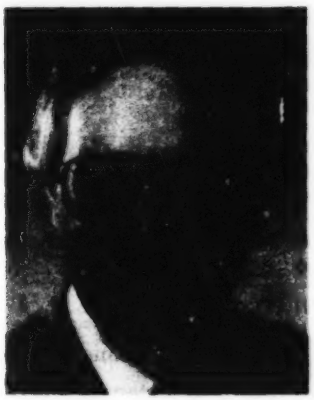
THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

1985

BOARD OF DIRECTORS

HONOURABLE P. SCHOENHALS	–	Chairman
MR. OTTO CUTTS, Acting General Manager	–	Director
MR. P. LANG, Comptroller		

GENERAL MANAGER'S REMARKS



This is the fortieth annual report of The Saskatchewan Government Printing Company and covers the period for the year ending December 31, 1985.

The Saskatchewan Government Printing Company was established under The Crown Corporations Act of 1945 to operate a general job printing and book binding business. During the past year 2,775 jobs were produced resulting in approximately 2,277,000 dollars in business printing volume. This represents an increase of 362,000 dollars over 1984.

Sales volume fluctuated from a high of $268,000 in the month of May to a low of $87,000 in the month of February.

Continual improvements and efficiency measures were implemented during the year to handle the nineteen percent increase in sales volume from 1984 without increasing the staff compliment.

A record net earning of $245,000 before interest expense was recorded by the company.

Otto Cutts

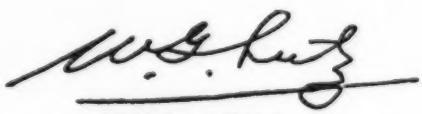
Otto Cutts, Acting General Manager
The Saskatchewan Government Printing Company

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the statement of financial position of The Saskatchewan Government Printing Company as at December 31, 1985 and the statements of operations and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan
March 12, 1986.

W. G. Lutz, F.C.A.,
Provincial Auditor.

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

STATEMENT OF FINANCIAL POSITION

As at December 31

	1985	1984
Assets		
Current Assets:		
Cash	$ 197,982	$ 360,256
Accounts receivable	680,525	440,294
Inventory (Note 3)	355,831	276,959
	1,234,338	1,077,509
Property, plant and equipment (Note 4)	1,094,804	1,201,595
	$ 2,329,142	$ 2,279,104
Liabilities and Province's Equity		
Current Liabilities:		
Accounts payable	$ 182,512	$ 163,744
Deposits (Note 7)	—	4,164
Note payable (Note 5)	2,176,000	2,176,000
	2,358,512	2,343,908
Province of Saskatchewan's Equity:		
Deficit	(29,370)	(64,804)
	$ 2,329,142	$ 2,279,104

(See accompanying notes)

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

STATEMENT OF OPERATIONS AND DEFICIT

Year Ended December 31

	1985	1984
Revenue:		
Sale of printing services	$ 2,285,330	$ 1,928,035
Interest	32,606	40,426
	2,317,936	1,968,461
Expenses:		
Operating costs, other than those listed below	1,422,353	1,276,025
General and administration	543,250	522,406
Depreciation	106,742	128,027
Interest	210,157	174,676
	2,282,502	2,101,134
Net Profit (loss)	35,434	(132,673)
Retained earnings (deficit), beginning of year	(64,804)	67,869
Deficit, end of year	$ (29,370)	$ (64,804)

(See accompanying notes)

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31

	1985	1984
Operating Activities:		
Operating income (loss)	$ 35,434	$ (132,673)
Non-cash items		
— depreciation	106,742	128,027
— gain on sale of equipment	(474)	(5,766)
(Increase) decrease in non-cash working capital	(304,499)	88,096
Net cash in flow (outflow) from operating activity	(162,797)	77,684
Financing Activities:		
Short-term debt borrowing	8,704,000	8,704,000
Repayment of short-term debt	(8,704,000)	(6,528,000)
Repayment of long-term debt	—	(50,000)
Repayment of advances from Crown Investments Corporation of Saskatchewan	—	(2,126,263)
Net cash (outflow) from financial activity	—	(263)
Investing Activities:		
Acquisition of fixed assets	—	(2,445)
Disposal of fixed assets	523	5,962
Net cash inflow from investing activity	523	3,517
Increase (decrease) in cash balance	(162,274)	80,938
Cash balance January 1	360,256	279,318
Cash balance, December 31	$ 197,982	$ 360,256

(See accompanying notes)

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 1985

1. (a) These financial statements are prepared in accordance with generally accepted accounting principles. Significant accounting policies are as follows:

(i) Property, plant and equipment

Fixed assets are initially recorded at cost. Normal maintenance and repair expenditures are expensed as incurred.

Depreciation is provided on the basis and at the rates set out below. It is expected that these rates will charge operations with the total cost of the assets over the useful life of the assets. Gains or losses on disposal of individual assets are recognized in income in the year of disposal.

Assets	*Depreciation Basis*	*Rate*
Building	straight-line	2½%
Equipment	straight-line	10%
Photocomposition equipment	straight-line	20%
Office, furniture, fixtures	straight-line	5%
Computer equipment	straight-line	20%

(ii) Inventory

Inventory includes printing supplies and work-in-progress. Supplies are valued at the lower of cost and replacement cost. Work-in-progress is valued at the lower of cost and realizable value. This includes an assignment of direct and indirect costs. The valuation of work-in-progress limits the assigned value to a maximum of the recoverable sales. Income is recognized at the completion of the work order.

2. *Status of Corporation*

The Saskatchewan Government Printing Company was established by Order-in-Council 859/45 and continued under the provisions of The Crown Corporations Act, 1978.

3. *Inventory*

	1985	*1984*
Paper supplies inventory	$ 164,809	$ 160,313
Other supplies inventory	54,559	66,468
Work-in-progress material	15,743	5,610
Work-in-progress labour and overhead costs	120,720	44,568
	$ 355,831	$ 276,959

4. *Property, Plant and Equipment*

	1985			1984
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 121,875	$ —	$ 121,875	$ 121,875
Building	905,601	216,323	689,278	711,919
Equipment	1,075,738	821,825	253,913	306,730
Photocomposition equipment	156,856	135,591	21,265	49,617
Office furniture and fixtures	14,781	6,308	8,473	9,212
Computer equipment	29,627	29,627	—	2,242
	$ 2,304,478	$ 1,209,674	$ 1,094,804	$ 1,201,595

5. *Note Payable*

During 1984, the Company became responsible to the Treasury Board and became subject to such policy and regulations as may be specified by the Treasury Board.

All outstanding advances and demand loans from Crown Investments Corporation of Saskatchewan were repaid during 1984.

The Company presently has outstanding a loan from the Department of Finance, renewable quarterly and bearing interest at current rates. At December 31, 1985, the interest rate on this note payable maturing March 31, 1986 was 9.35%.

6. *Related Party Transactions*

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the company is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms.

Other amounts due to related parties and the terms of settlement are described separately in the financial statements and notes thereto.

7. *Deposits*

Certain customers have prepaid the cost of the materials to be used for specific orders. The deposits represent the difference between the cash received from the customers and the materials used to date for those specific orders.